

Exhibit M

THE INSTALLATION AND PERFORMANCE OF INTERNAL REPAIR SEALS AT COMMONWEALTH AVENUE, NEWTON, MASSACHUSETTS, USA

Report by:

Paul Hayward B.Eng C.Eng MICE MIMgt

Jason Consultants International Inc

2000 Massachusetts Avenue NW

Washington DC 20036

for:

Spiniello Companies

35 Airport Road

Morristown

NJ 07962-1968

Date of Inspection: 23-24 August 2000

Date of Report: 30 August 2000

1. BACKGROUND

- 1.1 The Massachusetts Water Resources Authority (MWRA) has awarded contract number 62A – *Weston Aqueduct Supply Mains 1 & 2 Rehabilitation, Commonwealth Avenue, Route 30, Newton, MA* – to Spiniello Companies whose local address is 110 Madison Avenue, Newtonville, MA 02460.
- 1.2 The overall contract value is \$9.6 million. Approximately 10% of the contract relates to the installation of internal repair seals in existing 48" and 60" cast iron pipes. The work also entails cement mortar lining of the CI pipes.
- 1.3 The seals chosen for the project were *Depend-O-Lok InnerSeal* manufactured by Brico Industries Inc of Atlanta, GA.
- 1.4 Spiniello has encountered problems in obtaining a reliable and consistent seal using the Brico products. At the date of inspection nearly 200 seals had been installed in the 60" diameter pipe, of which 91 had passed the internal pressure test. Discussions with, and visits by, representatives of Brico Industries have not resolved the difficulties.
- 1.5 On behalf of Jason Consultants Paul Hayward, from the UK office, was asked to offer an opinion on whether the failures were due to deficiencies in the contractor's procedures, the condition of the host pipe, the characteristics of the type of seal used, or a combination of these factors.

2. OBSERVATIONS – DESIGN OF SEALS

- 2.1 Internal seals comprise an elastomeric (rubber) sleeve, usually about 12" wide and with a length to match the circumference of the host pipe, and two or more stainless steel bands which are expanded by jacking at a joint in the band to apply compression to the rubber sleeve.
- 2.2 The Brico InnerSeal product has a different configuration from that of other internal seals commonly used in the water and gas industries. The external face of the rubber sleeve has an asymmetric arrangement of circumferential ribs. The inner face has a slot to accommodate the steel compression band, but this slot is wider than the band. The steel band itself is not flat, but has a central 'corrugation' with the bearing surfaces on either side.

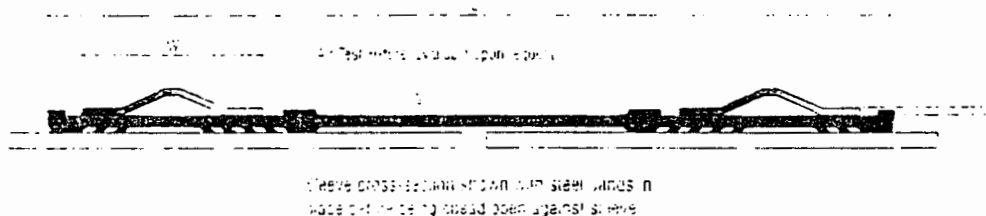


Fig 1 – Cross-section of Brico InnerSeal

- 2.3 This design allows the steel band to move laterally within the slot in the rubber sleeve. If the band was positioned at one edge of the slot, the band did not extend across all the ribs. In particular, if the steel band was against the inside edge of the slot, only one of the two outer ribs was fully beneath the band.
- 2.4 The steel bands exhibited some variation, and in some cases the two bearing surfaces were not of equal width.
- 2.5 Across some pipe joints where the internal surfaces were slightly tapered rather than parallel, the steel bands had tended to move sideways during compression. This resulted either in the band causing the rubber sleeve to stretch and widen, or in the band coming off the sleeve altogether. Where stretching had occurred, it is probable that the band was not bearing on any of the ribs at one side.
- 2.6 The rubber sleeves were formed from an extrusion that had been cut to length and joined by vulcanising prior to delivery. There was discontinuity of the ribs at the joint, and silicone rubber sealant had been applied by the manufacturer to this area in order to fill in the groove at the joint.

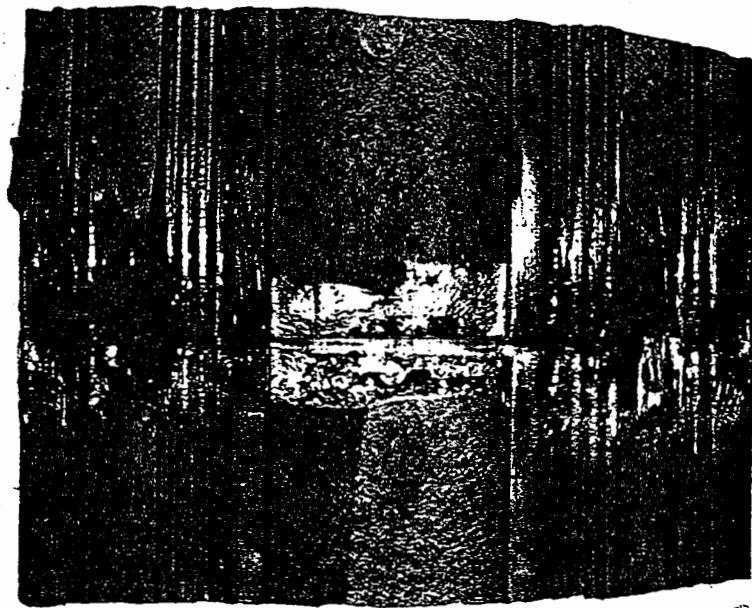


Fig 2 – Typical joint in Brico InnerSeal rubber sleeve (external face)

- 2.7 The application of the silicone sealant was generally uneven and of poor standard (see Fig 2). The sealant did not adhere well to the rubber, and could be rubbed off easily by hand.
- 2.8 It was stated that the vulcanised joint had failed in some of the Brico sleeves, and that the joint had split and come apart.

- 2.9 The design of the joint in the Brico steel bands was also different from that of other types I have encountered. The bands are in one piece, and have a joint block welded onto each end.

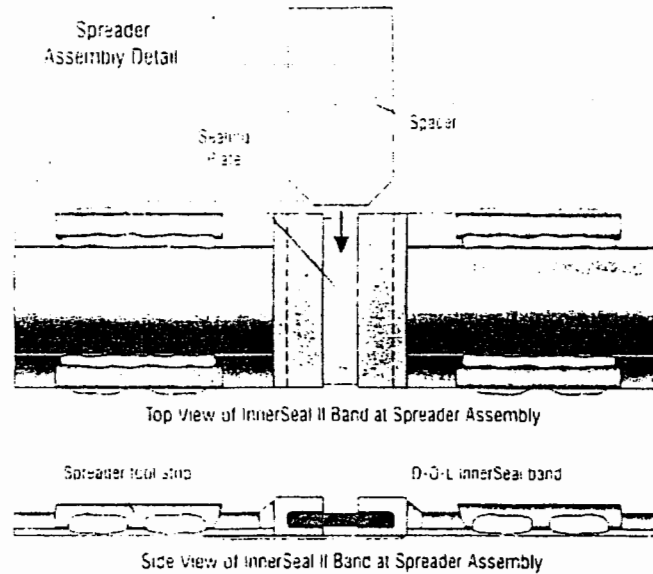


Fig 3 – Joint detail of Brico InnerSeal steel bands

- 2.10 After jacking apart, a spacer is pushed or hammered into the slots in the end blocks (see Fig 3). Welded onto the outer face of one of the blocks is a thin metal plate, intended to spread the load across the joint area where there is no direct compression from the steel band itself. Especially if the joint expansion is high, and the spacer gap is therefore large, the thin plate may have to bridge a distance of approximately 2", with no support from the band or the spacer over this length.

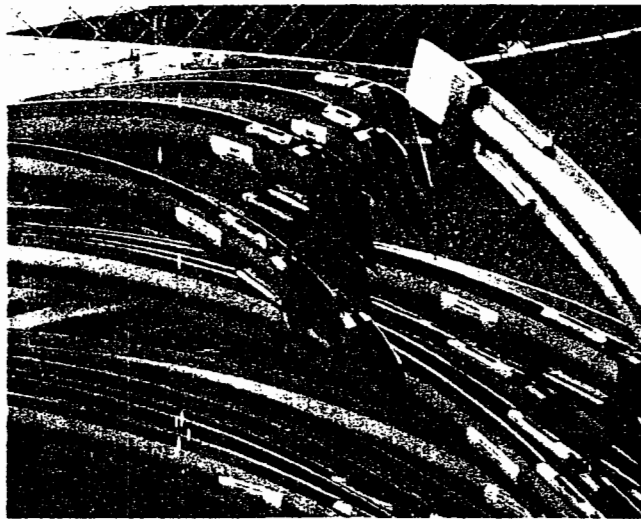


Fig 4 – Ends of Brico steel bands, showing the thin bridging plates

- 2.11 Some of the end blocks on the Brico steel bands appeared to have been welded on at a slight angle. In such cases, the support offered to the bridging plate may have been reduced (see Fig 5 below).



Fig 5 – End blocks and bridging plate on Brico steel band

- 2.12 In many cases, the outside of the joint between the end block, the bridging plate and the steel band was not smooth, and there was a lip at the weld. This is visible next to the right-hand end block in Fig 5 above.
- 2.13 In addition to the Brico seals, four seals supplied by Miller Pipeline Corporation were delivered to site during the visit. These Miller seals appeared to be of conventional design, typical of those used in the water and gas industries. The Miller seals had a symmetrical rib pattern extending across the outer face of the rubber in the regions compressed by the internal steel bands. The ribs were also broader than those of the Brico units. The ribbed region compressed by the steel bands was closer to the edges of the seal, leaving a wider inner section across the pipe joint. There was minimal discontinuity to the ribs at the joint in the rubber (see Fig 6 below).

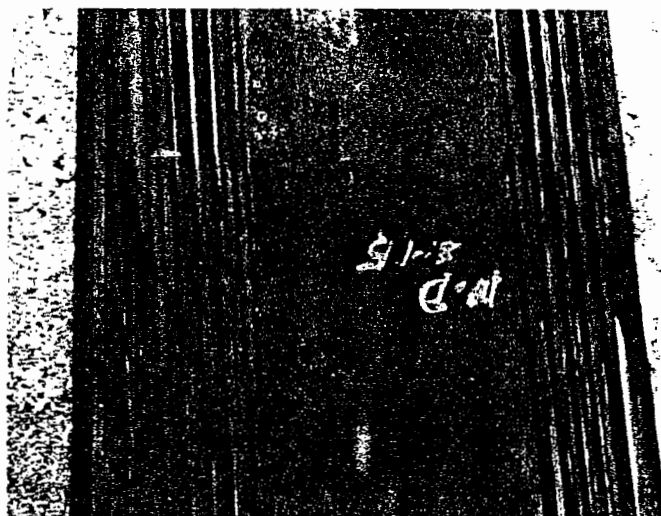


Fig 6 – Outer face of Miller seal, showing joint in rubber

- 2.14 The slots in the inner face of the Miller rubber sleeves, to accommodate the steel bands, were sized such that the bands were a close fit.
- 2.15 The Miller steel bands were rectangular in cross-section, rather than corrugated, and therefore had a flat face which made contact with the rubber. The thickness of the steel was also greater than that used for the Brico bands.

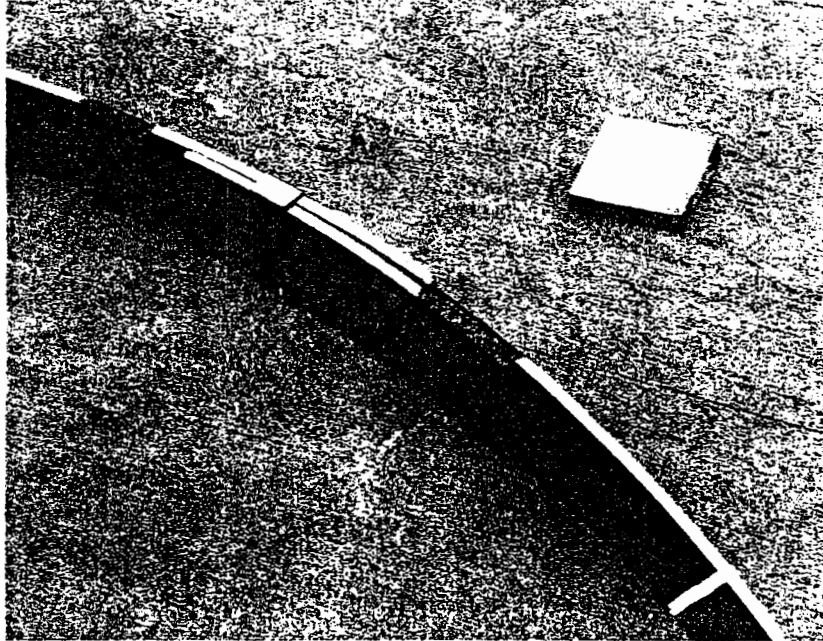


Fig 7 – Steel bands and wedge used in Miller seal

- 2.16 The Miller steel bands were in two main parts, with joints diametrically opposite. After positioning the bands within the slot in the rubber sleeve, a wedge of suitable length of was inserted at one side. A thin steel shim was then positioned under the joint at the opposite side, and the jacking load was applied here. After jacking was finished, a tight-fit wedge was hammered in to maintain the contact pressure. This wedge fitted between the main band and the thin shim which was in contact with the rubber seal.
- 2.17 The wedges for the Miller seals were cut from the same curved stock as the main band, with the objective of transmitting a fairly uniform radial force from the band, through the wedge and the thin shim, to the rubber seal.

3. OBSERVATIONS – PREPARATION AND PIPE CONDITION

- 3.1 The existing 60" cast iron pipe had been cement mortar lined, leaving an unlined gap at the joint area where the seal was to be fitted direct to the CI pipe.
- 3.2 The joint area had been scraped, cleaned with high pressure water, and then wire-brushed to remove loose debris and corrosion.

- 3.3 The gap in the existing pipe joint had been filled with a cementitious material. The objective of this was firstly to prevent distortion of the seal into the joint gap when the pipe was under pressure, and secondly to allow the seal to be tested by applying internal pressure to the central section.
- 3.4 After cleaning and preparation, the surface of the cast iron was textured throughout by small pits and raised areas. Perhaps the best description is that it had the texture of rough orange-peel.
- 3.5 Some of the joints prepared during the early stages of work had not been pointed tidily, and surplus mortar had to be removed from the area where the seal would make contact. On removing one of the first seals installed, a small amount of mortar was seen to be still present on the surface of the pipe. The standard of preparation had improved subsequently, and no residual mortar was observed at joints pointed and cleaned more recently, although the 'rough orange-peel' texture was still present.
- 3.6 In some sections of the pipeline where the cement mortar lining had been cut back, there were piles of debris in the pipe invert. There was a possibility that fragments could be carried on footwear or clothing, and contaminate the area around the seal either before or during installation.
- 3.7 The internal profile of the CI pipe was generally irregular. In certain places there was a pronounced bevel or taper in the region of the joint, especially on the bell or spigot side of the joint. In most cases this bevel extended for 4"-6" either side of the joint, but there were certain joints where the tapered region extended much further.



Fig 8 – Typical bevel or taper at joint in cast iron pipeline

- 3.8 Fig 8 above shows the typical extent of the bevel, and also the general condition of the joint area. The bevel was not present at all pipe joints, and varied in both severity and longitudinal extent.
- 3.9 It was understood that the majority of successful installations of the Brico InnerSeal have occurred at joints where the taper/bevel has been minimal or non-existent. Conversely, at some joints where the bevel has been severe, it has either been impossible to fit the Brico seal because the bands would not stay in position while jacking, or the seal has consistently failed a pressure test despite attempts to reposition it across the flatter sections of the joint.

4. OBSERVATIONS – INSTALLATION METHOD

- 4.1 Brico recommends the lubrication of the sealing surface prior to positioning the rubber sleeve, and also the lubrication of the slots into which the steel bands are fitted.
- 4.2 Brico recommends a jacking pressure of 3000 psi, with a short relaxation period (30 seconds) to allow the stresses to be redistributed around the circumference of the band.
- 4.3 It is understood that Brico expressly recommends against the use of a soft-faced hammer or mallet to strike the band during jacking. This technique is commonly used with other makes of internal seal, to encourage stress relaxation and the transfer of load from the jacking point around the entire circumference. Hammering has been used on the Brico seals in an attempt to improve their performance, but this can result in some distortion of the band and of the joint between the band and the end-blocks.
- 4.4 During a site visit following the failure of the seals, a Brico representative suggested increasing the jacking pressure to around 4000 psi.
- 4.5 Miller offers the same advice as Brico with regard to lubrication of the sealing surface. Their recommended jacking pressure is 4000-5000 psi, and nothing has been seen which forbids the use of a mallet to encourage stress redistribution.
- 4.6 After installation of the seals, air pressure at 5 psi is applied through a test nipple in the centre section of the sleeve, and soapy water is used to detect any leaks.

5. COMPARATIVE TESTS

- 5.1 On Wednesday 23 August 2000 a comparative test was undertaken using the Brico and Miller seals at the same position – joint #4. A Brico seal had already been fitted at this joint which was slightly bevelled, and had failed the internal pressure test. The comparative testing was also witnessed by Mr Andy S Thoenke of Brico Industries Inc. and by Mr Christopher Houde of MWRA's consultants Camp Dresser & McKee Inc.
- 5.2 The joint was first cleaned thoroughly, and Mr Thoenke agreed that it was in an adequate condition to accept the Brico seal. After lubricating the surface of the pipe, the rubber sleeve and steel bands were fitted, and a jacking pressure of 4000 psi was applied. The spacer was then fitted and the jack removed. Air pressure at 5 psi was applied to the test nipple, and leakage was observed at several places, especially near the invert and soffit of the pipe.
- 5.3 The jacking force was then re-applied, and a mallet was used to strike the steel band. The band and the rubber could be seen moving and compressing as the band was struck and the stresses were transferred around the perimeter of the seal. Although the bands were sufficiently long that there had been an overlap prior to jacking, the joint gap opened considerably as load was applied, and the spacer fitted was understood to be the largest size available (known as a #5).

- 5.4 After fitting the spacer, the air test was applied again. The seal still leaked, but this time only in the vicinity of the joint in the steel band. This apparently has been the most common position for the Brico seals to leak.
- 5.5 On removing the steel band, it was clear that it had 'curled' during installation, and was now at a smaller radius than originally. It also appeared that the joint between the band and the end-blocks was slightly bent.
- 5.6 The Miller seal was then fitted, using a jacking pressure of 4000 psi and hammering the steel band throughout the jacking procedure. The seal was then tested to 5 psi, and no leakage was evident.
- 5.7 The seal was re-tested on the morning of Thursday 24 August in the presence of Mr Houde, and again it passed.
- 5.8 Three further Miller seals were then installed on the same day. The first was at joint #1, and this passed at the first attempt.
- 5.9 The remaining two Miller seals were fitted at joints #73 and #74. Joint #73 was chosen as representing one of the most difficult locations with a severe bevel. It was stated that it had been impossible to install a Brico seal at this position, because the bands moved sideways off the rubber during compression. The Miller seals were installed at joints #73 and #74 without undue difficulty, and each passed the pressure test at the first attempt.

6. CONCLUSIONS & RECOMMENDATIONS

- 6.1 The condition of the pipe surface at the joint area was somewhat rougher than is ideal for the installation of internal seals. Especially for critical applications it would be common practice to grind off any slight protuberances, and to fill any pitting with a 'wipe on, wipe off' epoxy filler. However, it is noted that Brico claim that their seals are suitable for use on textured surfaces, and also that Brico's representatives have raised no objection to the standard of preparation. Given the circumstances of this installation, it is not considered that the condition of the surface was a significant factor in the failures. This conclusion is supported by the success of the Miller seals in the same environment.
- 6.2 Care must be taken to avoid the risk of debris becoming trapped between the rubber seal and the pipe wall. It is recommended that all debris be removed from each section of pipeline before the seals are installed.
- 6.3 The installation procedure used by Spiniello is generally satisfactory, and this was acknowledged by Brico's representatives. A concern is the rate at which the jacking force is applied. Even if the steel band is hammered during compression, there will be some relaxation of stress over time. It is recommended that the jacking pressure be brought up to around 2000 psi initially, and that the seal should be allowed to relax for approximately 20-30 minutes before increasing the pressure to between 4000 and 4500 psi.

- 6.4 The bevels at the joints in the existing pipeline have clearly presented major problems for the Brico seals. Without hammering the steel bands, at some distance from the jacking point the contact pressure between the bands and the rubber may be insufficient to prevent the bands from moving sideways as the circumferential load is applied.
- 6.5 The bevel will create uneven loading across the width of the seal. If the pipe tapers inwards towards the joint, the compressive force on the inner part of the seal will be greater than that towards the edges. In order to seal all the way across, it may be necessary to use higher jacking forces than in a parallel-sided pipe. The steel bands must be able to withstand and transmit this load around their full circumference, and especially in the region of the joint. The design of the joint in the Brico steel bands relies on the transference of load via a thin bridging plate. Given the relatively high demands of a pipe with a bevelled and moderately rough surface, the design of the Brico joint would seem to be inadequate to achieve the required consistency of performance under these conditions. This applies especially if the necessary jacking force opens up the joint to the extent that a long spacer is required, with a corresponding increase in the bridging length.
- 6.6 The asymmetric pattern of ribs on the Brico sleeves is something of a mystery, and the Brico personnel spoken to could not explain it. In operation, the internal pressure within the pipeline will act first on the two outer ribs, of which only one may be compressed by the steel band if the band is set to the inside of its slot. The four inner ribs may help the seal to pass a pressure test applied from the centre of the seal, but are not the first line of defence against pressure within the pipe itself. Furthermore, the asymmetric ribs may cause the outer part of the sleeve to compress more than the inner part when the jacking load is applied. This may exacerbate the effect of the taper, and increase the tendency of the steel band to move sideways.
- 6.7 The individual ribs on the Brico sleeves are fairly narrow. Although they will flatten when compressed, there appears to be a greater risk of a leakage path than on a sleeve with wider ribs which are more likely to bridge over any pits in the surface.
- 6.8 The vulcanised joint in the Brico rubber sleeve is evidently of lower quality than that of the Miller product. The silicone sealant seems to have been applied without much care, and is of dubious benefit since it does not adhere to the substrate and may rub off during transportation or installation. However, whilst this feature may not inspire confidence in the product, there is no evidence that this has been the cause of any failures.
- 6.9 The corrugated design of the Brico steel bands causes the compressive force to be applied over two bearing surfaces each approximately 0.5" wide. This is less satisfactory than a wider bearing surface where the load is spread over a greater area.
- 6.10 The thickness of the steel used in the Brico bands is significantly less than that of the Miller seals, and this may be why hammering the bands during installation causes them to distort. Hammering with a soft-faced mallet is desirable to encourage stress redistribution, and is normal practice with other brands of internal seal.

7. SUMMARY

- 7.1 In our opinion, the principal cause of the sealing failures on this contract has been the inherent limitations of the Brico seals. Whilst this product may be capable of sealing adequately in more favourable conditions, the combination of circumstances here renders them unreliable.
- 7.2 It is possible that the use of wider and thicker steel bands with the Brico rubber sleeves may produce satisfactory results, notwithstanding reservations about the rib configuration. Otherwise, it is recommended seals similar to the Miller units which performed satisfactorily in the comparative tests be used.

Paul Hayward B.Eng C.Eng MICE MIMgt

Jason Consultants International Inc

30 August 2000

Washington DC

Tel 202 223 9610

Fax 202 332 4345

Exhibit N

CDM Camp Dresser & McKee**RESIDENT ENGINEER'S DAILY REPORT**

PROJECT: MWRA Contract No. 6280
CONTRACTOR: Weston Aqueduct Supply Mains 1 & 2, Sections 2, 3, 4, 5, & 6
 Spiniello Companies
 35 Airport Rd., Morristown, NJ 07962-1968
LOCATION: Newton, Massachusetts
DATE: 9-6-00 **WEATHER:** Clear **TEMP:** 40° AM - 63° noon - 65° PM

WORK OF GENERAL CONTRACTOR

WASM 2, Section 5:

Station 57+23 (Robinhood Rd.):

- Cut an access ½ cap in the 60" x 36" steel reducer (West of the 36" GV).

Station 57+23 (Robinhood Rd.) to Station 63+13:

- Worked on hand finishing adjacent to the internal joint seals.

Station 76+40 (Arapahoe Rd.) to Station 106+65 (Ruane Rd.):

- Worked on wetting down the cement-mortar lining.

WASM 2, Section 6:

Station 9+60 (Valentine St.) to Station 26+80:

- Worked on cleaning the joint-mating surface for internal seal installations.

Station 26+80 to Station 29+15 (Bullough Pond) & Station 29+15 to Station 30+00 (CML contract limits):
 Cement-mortar lined 320 lf of 60" CI pipe with a ½" troweled pass:

09:00 AM Start lining run at Station 26+80 (+/-).

12:30 PM One set of three, 2" x 2" cubes, cement-mortar samples taken and stored Sta. 28+00 +/-

01:30 PM End lining run at Station 29+15.

Move equipment to Station 30+00

02:00 PM Start lining run at Station 30+00.

02:10 PM One set of three, 2" x 2" cubes, cement-mortar samples taken and stored Sta. 29+80 +/-

02:45 PM End lining run at Station 29+15.

WORK OF SUBCONTRACTORS

Environmental Preservation Systems: On site to install new frames and covers.

Work to begin on 9/7/00.

SPECIAL NOTES

- Charlene Savioli (MWRA - EEO) was on site for a routine visit.
- Bob Card, Bill Haines, and Vladimir Petrisko (Brico) on site to attempt to install joint seals using a 3" wide band. The 3" band was an "arch design." Attempts to install the joint seals were unsuccessful.

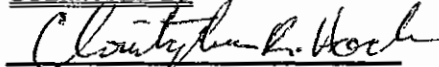
CONTRACTOR'S MANPOWER & EQUIPMENT

Manpower: 22

Equipment: 3 - F700 winch trucks, 1 - Lull 644D-34 forklift, 1 - JD 410E backhoe/ loader,
 1 - F600 dump truck, 2 - IR 185 air compressors, 1 - IR 50KW generator.

POLICE DETAILS

Manpower: 2

SUBMITTED BY


Christopher R. Houde

for

James M. Glendye Sr.

Exhibit O



P.O. Box 48776 Atlanta, GA 30362
(770) 840-0662 • (800) 841-6624 • Fax (770) 840-8312

A Victaulic Company

Sept. 15, 2000

Mr. Jose Collazo
Vice President
Spiniello Companies
35 Airport Road
P. O. Box 1968
Morristown, NJ 07962-1968

Re: MWRA Contract No. 6280
Weston Aqueduct, WASM 1 & 2

Dear Mr. Collazo:

This will acknowledge receipt of your September 11, 2000 letter concerning the above-captioned matter.

We have forwarded a copy of your letter to our parent company, Victaulic Company of America. Victaulic is preparing a response which will be forwarded to you early next week.

In the meantime, you should know that we do not agree with your characterization of our seals as being defective. In addition, Don Bridges did not request your cancelation of "the Inner Seals portion of Spiniello Companies Purchase Order No M51566 and No M50551." Rather, the parties agreed to a limited cancellation pertaining to the 60" Inner Seals on Order No. M51566. Accordingly, we urge you not to take any action which exceeds what was agreed to or which might prejudice the ability of the parties to mitigate damages and amicably resolve this matter.

Very truly yours,

BRICO INDUSTRIES, INC.

A handwritten signature in cursive script that reads 'R. J. Card'.

Robert J. Card, P.E.
Vice President

FAKED
7/15/00
c 4:19 PM

Exhibit P



P.O. Box 48776 Atlanta, GA 30362
(770) 840-0662 • (800) 841-6624 • Fax (770) 840-8312

Fax Cover Page

Date: September 20, 2000

REFERENCE: MWRA Contract No. 6280, Brico InnerSeals

To: Mr. Jose Collazo, Vice President, Spiniello Companies

Fax #: (973) 539-4802

From: Robert J. Card, Brico Industries, Inc.

Copies: Mr. L. Thau, Mr. B. P. Bissey, Mr. R. Freidl, VCOA, 610-923-3115
Mr. D. Bridges, Brico Industries, Inc.

This page + 4 pg(s).

Comments:

Visit our World Wide Web site:
<http://www.brico-dol.com>

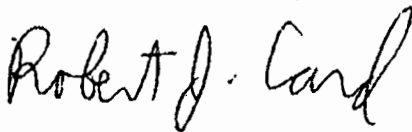
September 20, 2000
Mr. Jose Collazo
Spiniello Companies
Page 2

I am sure it is the desire of everyone involved for there to be a quick and equitable solution to this dispute.

We believe Mr. Thau's offer to host a meeting in Easton, PA is a good one and we will be pleased to arrange our schedule to fit yours.

Very truly yours,

BRICO INDUSTRIES, INC.

A handwritten signature in black ink, reading "Robert J. Card". The signature is written in a cursive, flowing style.

Robert J. Card, P.E.
Vice President

Enclosure

Copy: Mr. Larry Thau, V.P. VCOA
Mr. B. P. Bissey, Esq. VCOA
Mr. Robert Freidl, V.P. VCOA
Mr. Donald Bridges, Pres. Brico



TO : Bob Card, Brico Industries, Inc.

DATE : September 20, 2000

FROM : Larry W. Thau

SUBJECT : MWRA Inner Seal Products

At your request I have examined the various specification, submittals, field reports and drawings in addition to completing various interviews regarding the above. It is obvious that in the interest of maintaining good customer relations, Brico has made every effort to assist Spiniello Companies and the MWRA. While customer relationships should be of paramount importance, there clearly comes a time when all parties must objectively assess their respective roles in this matter where allocation of backchages and disruption of contracts is imminent.

Briefly, my review indicates the following:

- The Brico Inner Seal products are not defective as described in Mr. Collazo's letter of Sept. 11, 2000 as these products meet all applicable manufacturing specifications, have a successful ten year installation history and have already been successfully installed and accepted within other sections of this pipeline.

- MWRA specification # 02776-9 §3.05 ABCD has been misinterpreted as field-testing is to be as designated by the manufacturer yet the jobsite interpretation has been to apply *proof of design* test acceptance criteria without Brico's consultation or agreement. The result is a level of performance being applied beyond the intent of the specification that does not reflect the actual service. Further, attempts to attain this performance will likely cause excessive seal loading to be applied which could shorten the life of the resulting joint.

- On the basis of our direct observations of the installation and contrasting this workmanship to the 6175 contract, the primary reason the defacto field test criteria wasn't met was installation practices in violation of **BRICO INNERSEAL II Installation procedures**. Specifically the cleaning, lubrication and spreader preloading processes were improperly performed. These oversights will both raise the preload needed and hinder the critical sealing contact needed to generate an acceptable seal.

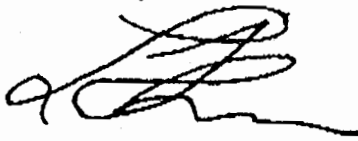
The acceptance of this section of the pipeline is clearly intended to be a hydrostatic test under Specification No. 02704 §3.05 A&B and §4.0.

- Our decision to support the Spiniello Company's schedule obligation to MWRA by agreeing to alternative 60" products was never intended to be interpreted as authority to cancel any active BRICO purchase order from Spiniello. This action was directed toward the best interests of the customer given the specific time constraints of this section of the project. It remains our firm belief that all BRICO products provided meet all manufacturing, project and applicable national standards.

- We recommend that Spiniello be advised that the current contact with BRICO remains in force, Brico has continued to actively support their activities to resolve this matter and we ask that the previous understanding of resolution continue to be honored, specifically installation of the 60" INNERSEAL products to resume as soon as scheduling permits, following a clarification of acceptable field testing and installation procedures.

For the above reasons Victaulic advises Brico to notify the Spiniello Companies that we cannot support providing any compensation for the stated reasons. We encourage you to advise the appropriate parties that we support a meeting of all involved as quickly as possible to bring this matter to a reasonable conclusion. We would be happy to host this meeting at our world headquarters or attend at any suitable location.

Sincerely,



Larry W. Thau
Vice President Engineering
Victaulic Company of America

CC: D. Bridges, Brico Industries, Inc.
R. Freidl, VCOA
B. Bissey, VCOA



P.O. Box 48776 Atlanta, GA 30362
(770) 840-0662 • (800) 841-6624 • Fax (770) 840-8312

A Victaulic Company

Sept. 20, 2000

Mr. Jose Collazo
Vice President
Spiniello Companies
35 Airport Road
P. O. Box 1968
Morristown, NJ 07962-1968

Re: MWRA Contract No. 6280
Weston Aqueduct, WASM 1 & 2

Dear Mr. Collazo,

Thank you for your patience in waiting for our response to your letter of September 11, 2000.

In accordance with my letter of September 15, 2000, I am herewith providing a further response to your letter of September 11, 2000.

Victaulic Company of America, our parent company, after considerable conversation and deliberation has provided us with their suggestions. A copy of the letter from Mr. Larry Thau, V.P. Engineering VCOA is attached hereto for your review.

In addition to Mr. Thau's comments, to which I must add my concurrence, the question of payment for outstanding Brico invoices must be addressed. We expect payment, in full, for all installed InnerSeals, and we will issue a credit for all InnerSeals returned to Brico in good condition. As of this writing there is a balance of \$128,808 outstanding which is comprised of coupling and InnerSeal products.

With regard to paragraph six (6) in Mr. Thau's letter, Brico did agree for Spiniello to acquire 60" seals from another source to enable Spiniello to meet its' schedule for installation of the balance of the 60" on contract #6280. However Brico does not agree that the seals furnished are defective, does not consider the balance of the purchase orders to be cancelable and Brico does expect to furnish the 48" InnerSeals on P.O. #M51566 and the 48" and 60" InnerSeals on P.O. #M50551 along with other items included on both purchase orders.

Exhibit Q



Cement Mortar Lining Division (International)
In place cleaning and cement mortar lining of water mains

Marine Division
Subaqueous Pipelines and Cables, Outfalls, Intakes

Heavy Construction Division
Utilities and General Construction

35 Airport Road
P.O. Box 1968
Morristown, N.J. 07962-1968
(973) 539-6363
FAX: (973) 539-4802

October 3, 2000

Robert J. Card, P.E., Vice President
Brico Industries, Inc.
P.O. Box 48776
Atlanta, GA 30362

Reference: MWRA 6280 Weston Aqueduct WASM 1 & 2
Subject: Purchase Orders No: M51566 and No: M50551

Gentlemen:

Your letter of September 20, 2000 is a drastic change of position from that presented by Brico in all-prior communications. Most notable is your attempt to say that the failure of the Brico seal is a result of our installation practices. You have had representatives present at the job site for most of the seal installation process. At no time did your people, (including yourself) indicate that the installation, preparation or testing of the Innerseal was a cause of the problem. In fact, during a phone meeting in the presence of our consulting engineer, you were forthright enough to admit, in no uncertain terms that Spiniello and there subcontractor had done nothing wrong and that the seal in this application was the problem.

Brico's new position is that Spiniello is not entitled to any compensation and that it is the installation and testing procedure that is the problem. If this were the case, why did Brico waste their time and Spiniello's making modifications to their seal? Why didn't your field personnel simply advise us of the proper installation and testing procedure? During the September 8, 2000 telephone conference, Brico clearly admitted that they had a problem with their seal and requested from Spiniello, a detailed cost and impact proposal by Monday September 11, 2000. The new position taken in your September 20, 2000 correspondence is unreasonable and inconsistent with prior discussions. It also serves to eliminate any trust we may have had in the statements made by your representatives.

Brico is demanding payment for Innerseals delivered to the job site in Newton, MA regardless of the seal's conformance with the contract requirements. (i.e. their ability to pass the required tests.) The seals were installed with the full confidence that your product would meet the testing requirement of the contract for which it was sold. Those seals that were unable to meet these requirements are being removed from the pipeline and replaced. We cannot guarantee the condition of these seals and we certainly have no intention of paying for them. In fact, the cost for the removal of these seals is not reflected in our preliminary cost submittal to your firm.

Spiniello has in their possession an independent evaluation report on the interior seals, by Jason Consultants, a consultant specializing in this field. Spiniello's position in this matter is based on this report. All of the procedures of preparation, installation and testing were done in the presence both Brico and our consultant, based on the field observations, we are confident that the problems experienced were exclusively the result of the seal design. With regard to your statement that Brico seals have been successfully installed in other sections of the pipeline, we can only believe that the testing requirements were quite different on those sections. Your seals were not able to meet the test requirements here.

Brico's position regarding Purchase Orders No: M51566 and No: M50551 is that the remaining portion of Innerseals are not cancelled and Brico will supply the 48" seals as order. We disagree with Brico's position in this respect.

The following are comments to your letters dated September 20, 2000.

- Answers to Mr. Larry W. Thau of Victaulic Company of America, Brico Industries, Inc. parent company Memorandum, dated September 20, 2000.
1. If there are no problems with the Brico Innerseal, please explain why in the same location another manufacturer's seal passed the test requirements as outlined in MWRA Contract 6280 page 02776-9 Article 3.05 ABCD? - Spiniello's Subcontractor ODF installed 169 Brico's Innerseals and only 104 passed the test, a 38% failure.
 2. Brico knew MWRA specification # 02776-9 prior to bidding on the project, your representatives were at the pre-bid meeting as well as myself and one of the questions asked by a seal manufacture was about the internal seals. There is no misinterpretation on the part of MWRA as to what the field-testing should be. In the worst-case scenario your sales and technical personnel should have objected to the testing as described by the specifications. You accepted the application of proof of design and made no reference in your quote, by placing a price and bidding to contractors, i.e. your offer was without conditions.
 3. Your observations relating to the installation and contrasting are incorrect. The seals were installed and supervised by your technical staff. There was no violation of Brico Innerseal II Installation procedures. Based on our findings Brico.

endeavored to re-design their seal in an effort to obtain positive test results. The new re-designed 3" +/- stainless steel band does not work, your field personnel commented to our field personnel "*the shoulders are not high enough*". The acceptance of this section of the pipeline is a two-part test, with Article 3.05 of 02776-9 Application first. Brico's seals failed this initial test. Using the Brico's seals, our subcontractor ODF followed Brico's esoteric installation practices and failed the above performance test as shown in item 1 above. Using the Miller seals, ODF has not failed any testing requirement since the introduction of the Miller seal.

4. Your decision to discontinue shipping seals to the job site on September 8, 2000 was based on Brico ability to fulfill the order on time. Brico could not re-design the seal on time to meet the specifications. Fortunately Miller was able to minimize production lost and delay by shipping seals that were designed to meet the testing requirements of the MWRA. Brico tried the new re-designed seal the week of September 8, 2000 and by trial and error discovered that a major redesign was needed. Based on field results, its is hard to believe that Brico tested the new re-designed 3" +/- thick stainless steel band at the shop prior to shipping to the site as represented to us on the telephone conference meeting of Friday, August 25, 2000. Brico has breached the agreement provided by these PO 's as they failed to provide proper seals for this project. We were patient and gave Brico the chance to redesign the seal specifically for this project. After the redesign failed, Brico then changed positions on us and decided that no costs would be reimbursed to Spiniello. We have no intention of becoming your R and D department.
5. As a good faith gesture to Brico, Spiniello has kept the portion of the Purchase Order No M 51566 and Purchase Order No. M50551 for the outer seal in force.
6. Your *ab absurdo* conclusion to deny Spiniello proper compensation is based on your desire to avoid manufactures responsibility. Brico confuses the issues by unrealistic interpretation of contract documents, non-performance and non-technical evaluation of the scope, extent and purpose of the seal. Brico wants to focus our attention in the cleaning aspect of the installation procedure instead of the incorrect geometry of the seal, the stainless steel band that was shipped initially covers only one interior ridge, the second shipment of 3" +/- thick stainless steel band also did not cover the ridge and did not pass the test. Brico could not explain the isometric pattern of the seal at the Friday, August 25, 2000 telephone conference meeting when Paul Hayward of Jason Consultants asked that question. ODF is cleaning the joints with the same level of effort for the Miller seal as they did when installing Brico seals and all Miller seals have been tested and approved by MWRA in conformance with the specifications. In fact, the miller seals were placed in the same location as the failed Brico seal, with no additional cleaning or prep work and they passed with no added efforts.

Spiniello Companies is willing to meet in and effort to resolve these matters. I must state for the record that this dramatic shift in position by Brico, has not done anything to

improve the possibilities of amicably resolving matters. At your request and with the understanding that costs would be reimbursed, we spent additional time and money waiting for and trying to install your redesigned seal.

You are now asking that we have faith in your product and your company and take delivery on additional seals that have a very high probability of failing the test requirements. After reading your comments on this matter, it appears that you have no intention of standing behind your product or your Vice Presidents word. Your decision to allow cancellation of the purchase order was based on your inability to supply the specified materials. Our decision to let you try a re-design was based upon your statements that you would pay for added costs. We have no faith in your ability to provide the proper seals for this project and we now have even less faith in your intentions to stand behind your products and your own employees.

o Answers to your letter dated September 20, 2000 (Brico Industries, Inc.)

1. On July 27, 2000 we informed you in writing that Brico's seals did not pass the specified test. On Wednesday August 23, 2000 a comparative test was undertaken using the Brico and Miller seals at the same position – joint # 4. The Brico seal failed the internal pressure test. The Brico seal was removed and the Miller seal was installed at the same location where the Brico seal failed. The Miller seal passed the internal pressure test. Mr. Andy S. Thoenke of your firm was present as well as Mr. Christopher Houde of MWRA consultants Camp Dresser & McKee Inc. and Mr. Paul Hayward of Jason Consultants.
2. Two telephone conferences have taken place relating to this matter, i.e. the non-performance of the Brico Industries seal, one on Friday, August 25, 2000 and the other on Friday, September 8, 2000.
3. At the Telephone conference meeting on Friday, August 25, 2000 it was agreed that Brico Industries will do what ever is necessary to improve the seal to pass the MWRA test requirement including redesigning the steel band by making it wider to cover more of the inside area of the seal facing the pipe walls. Spiniello and Brico agreed that the new modified seals will be available by the following Wednesday (August 30, 2000) and that at the latest it would be available the next Wednesday (September 6, 2000). Spiniello and Brico also agreed that Brico would test the seals, at Brico's plant prior to shipping to the job site. Spiniello and Brico also agreed that there will be a time limit for Brico to come up with a solution to the internal test failures and that the cut-off date will be Friday September 8, 2000 and a telephone conference will take place that day to make a decision in this matter.
4. During the week of September 8th Mr. Bill Hanes, Mr. Bladimir and yourself were at the job site in Newton, MA with several modified seal (3" +/- Steel band) and concluded that Brico Seals will not be suitable for this particular job application. On September 8, 2000 telephone conference of Spiniello and Brico agreed that

Brico would not send any new modified seals to Spiniello's job site, that Spiniello was free to purchase from any other vendor seals to meet the required specified test that Brico could not accomplish. As to the specific language how to handle the purchase order and any legal implications also was discussed.

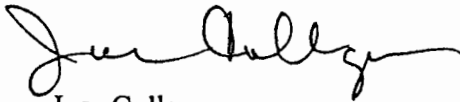
5. The balance of \$ 128,808.00 is on hold as of today. Brico owes Spiniello \$183,998.00. An on-going claim against Brico is in effect. Any liquidated damages the MWRA places against Spiniello, will be assessed to Brico as noticed in Spiniello's September 11, 2000 letter.
6. Spiniello Companies will not accept 48" Innerseals from Brico Industries, Inc. For reasons stated above.

This turn of events is a reaction to the actions taken by Brico Industries, Inc. and its parent company Victaulic Company of America on September 20, 2000. Spiniello placed an order with Brico's in good faith on March 7, 2000 for MWRA 6280 and on June 9, 2000 for MWRA 6317. Brico seal did not perform according to MWRA specification 6280. Brico Industries recognized the problem, tried to solve the problem, re-designed the seal and failed the test for a second time. Brico asked for the cost impact proposal. Brico then misrepresented this matter on the telephone conference of September 8, 2000 and Brico, and then denied this cost impact proposal.

We trust that the foregoing proves of value to you and that Brico will concur with our position. Please keep me advised of your intentions by calling me to arrange a meeting if you feel it could resolve any of this.

Very Truly Yours,

Spiniello Companies



Jose Collazo
Vice President

cc: Mr. Donald Bridges, President - Brico
Mr. Joseph Mattes, CFO - Brico
Mr. Gary Stivaly, President - Spiniello Companies
Mr. Larry Thau, V.P. VCOA
Mr. B.P. Bissey, Esq. VCOA
Mr. Robert Freidl, V.P. VCOA
Mr. Mark L. Fleder, Esq. Connell Foley LLP

seal as the bands are expanded.

3.05 APPLICATION:

- A. Procedures for applying pressure to the seal's retaining bands shall be in accordance with the manufacturer's instructions.
- B. Initially, a minimum of 5% of the seals installed shall be field tested to a minimum of 5 psi and in accordance with the manufacturer's recommendations.
- C. Additional testing will be based on the failure rate of the seals tested.
- D. Testing will be performed on groups of seals as selected by the Contractor. The number of seals in a group shall not exceed 20. Testing will continue until all seals installed have been included in a group. The tests for each group will be performed in steps until all seals tested pass. The Authority will select the seals to be tested.
 - 1. Step 1. Test 5% of all seals in the selected group.
 - 2. Step 2. The number of seals to be tested shall be (the number of Step 1 failed tests/5% of seals in the group) x the number of seals in the group.
 - 3. Subsequent Steps. The number of seals to be tested shall be (the number of failed tests in the previous step/the number of seals tested in the previous step) x the number of seals in the group.

3.06 FIELD QUALITY CONTROL:

- A. Complete the checklist for internal pipe-joint seals to include information relative to work performed since its last submittal.

3.07 ADJUSTING: N/A

3.08 CLEANING: N/A

3.09 DEMONSTRATION: N/A

3.10 PROTECTION: N/A

3.11 SCHEDULE: N/A

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